

Homebuilders/Residential Construction Report 2018

At Indur-Vishni Wealth Management LLC we like to present our reports in a novel way. We take the numbers seriously and we carry out a certain amount of thorough research (dude, life's too short to scrutinise every piece of guff released by the company!) but we don't obsess over it and we certainly don't lose ourselves in 'jargon diarrhoea'! The object of the year-end survey is to entertain and enlighten, not bore. So, we're going to wrap up our report in a couple of pages.

We do things differently at I-VWM: we have our own recommendations. We don't use the conventional 'Buy', 'Hold' and 'Sell'. Instead, we prefer the far more colourful 'Stay the f**k away' (S.T.F.A.), 'G.T.F.O.' (you can probably figure out what the acronym stands for) and, because we're classy and we had an expensive, private education 'Carpe'!

We want our readers and clients to read 'em and weep (with laughter) but without losing sight of the fact that we'd like them to invest wisely and to not only retain their capital but also get a return on their capital. But, if you were dumb enough to buy any of these stocks at inflated prices you won't find this report amusing. We advise you to click the 'X' at the top right hand of the page!

This week we set our sights on the U.K.'s residential construction industry.

Residential (de) Construction

Is the rotten edifice about to collapse?

Straight off the bat we have a builder that plunged to the depths of its own little bear market! **Barrat Developments** finished the year at 462.80, 29% down from where it began the year. The stock has made an impressive recovery to a high of 625 but we doubt there's much room left to run. We're not convinced one good earnings report makes a summer. Sure, there's a 4.5% dividend but the bottom could fall out of the U.K.'s house builders overnight (scroll down to Galliford Try for an example of this). **S.T.F.A** and, if you're making a nice little profit, **G.T.F.O.**

Bellway picked up the baton of ignominy from Barrat, finishing the year down 30%. And, what we said about Barrat also applies to Bellway. Don't get taken in by the dividend. **S.T.F.A** and **G.T.F.O.** from this bellend!

Surrey-based **Berkeley Group** may have fallen just over 18% (not as bad compared to its aforementioned compadres) for the year but it has a shitty dividend (less than .50%! Heck, even the toilet paper that passes for the currency known as the pound gives you more returns!) and its targeted customers, middle-class South East Englanders, are tapped out (what did you expect when you spend your money on undercooked cocaine and expensive, overcooked burgers?) so sales are going to be affected, as they have been during 2018. **S.T.F.A.** If you actually bought this stock we have to ask, are you freakin' nuts?!

With a fall of just under 29%, **Bovis Homes** delivered a butt-head of a performance for 2018. Bottom-feeders might have been attracted by the stock's 5% dividend and, sure, the stock's done well since the end of last year (up to 1119 today) but the momentum is unsustainable.

G.T.F.O. and, if you're invested, cash out or you'll one day find yourself saying, "err...this sucks!".

Brentwood-based (no, not THAT Brentwood! This Brentwood is in chavvy Essex) **Countryside Properties** is so far the most "respectable" performer of the lot, down just over 14% for the year. However, neither the long-term prospects nor the dividend (just over 3%) are worth creaming yourself over. **S.T.F.A./G.T.F.O.**

Crest Nicholson should be re-named Crash Nicholson, what with its 40% plunge in to "prison bitch" territory! At just over 8% the dividend looks inviting but we'd wait until the stock heads back down towards £3 (it's currently just under £4). Frankly, we're surprised a member of the distressed house-builders sector can afford such a dividend but, hey, if they're willing to bend over then feel free to take a quick dip! But, don't fall in love with the stock.

Galliford Try fell 46% for the year and, what's worse, it fell ANOTHER 20% just today! It's a prison bitch even other prison bitches would shun! But, because we're contrarian and because the stock has a 10% yield, we'd look at taking a nibble as soon as it hits £5. If you bought in to the stock (or rosy analysis about Britannia's prospects post-Brexit) when it was trading much higher you're f***ed.

We have a winner! **McCarthy and Stone** were up 1.38% for 2018. The company doesn't offer a dividend but it does specialise in retirement homes. We see this specialisation as an advantage right now but it's only a matter of time before bigger, better resourced builders decide to compete with McCarthy and Stone so, unless a dividend is forthcoming, we say **S.T.F.A.**

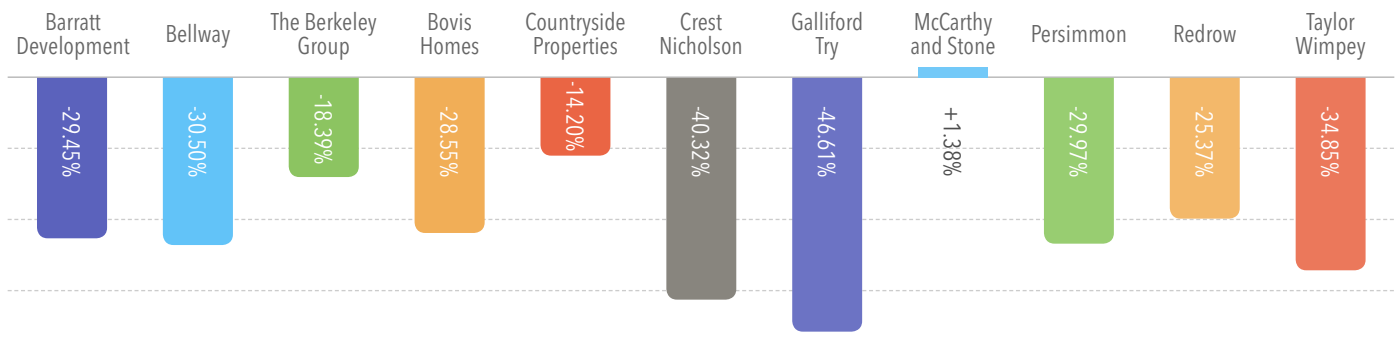
Another builder that flirted with a thirty-something crash was zero-dividend paying **Persimmon**. It fell just a pubic whisker under 30%. It's now at £23.35 and probably one of the least attractive FTSE stocks. We don't see a dividend on the horizon and we caution against buying in now...or ever!

Redrow was another bloody red mess. Down just over 25% for the year and with no dividend on offer we are so not interested in this home builder. **S.T.F.A.**

Finally, representin' ma home town of High Wycombe is locally based **Taylor Wimpey**. Wimpey by name, wimpy in performance: the stock got crushed just under 35%. Like the local party scene, the dividend is non-existent and the prospects for the stock are uninspiring. Yep, you guessed it, **S.T.F.A.**

We'll take this opportunity to wish our readers and clients a Happy Easter. We hope Q1 was profitable for you and that you invested wisely.

Homebuilders/Residential Construction



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